

Message Text

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ACTION PM-04

INFO OCT-01 EUR-12 ISO-00 NSC-05 SP-02 SS-15 CIAE-00
INR-07 NSAE-00 L-03 MC-02 EB-07 IGA-02 ACDA-10
OMB-01 AID-05 COME-00 TRSE-00 /076 W
-----191627Z 087364 /45

P 191543Z MAY 77
FM AMEMBASSY LISBON
TO SECSTATE WASHDC PRIORITY 1469
INFO USCINCEUR VAIHINGEN GER PRIORITY
SECDEF WASHDC
HQ USAF WASHDC
USAF RAMSTEIN
USNMR SHAPE BRUSSELS BEL
AMEMBASSY VIENNA PRIORITY

UNCLAS LISBON 4008

VIENNA PLEASE PASS ASST SECRETARY-DESIGNATE VEST

E.O. 11652: N/A
TAGS: MASS MILI PO
SUBJECT: C-130'S FOR PORTUGAL

REFS: (A) CHMAAG LISBON 061600Z MAY 77,
(B) USCINCEUR 111001Z MAY 77

SUMMARY: PORTUGUESE AIR FORCE (PAF) HAS ASKED TO BUY THREE C-130'S DIRECT FROM LOCKHEED IN LIEU OF USAF PROCUREMENT OF TWO. PAF DIRECT BUY, USING U.S. MILITARY ASSISTANCE MONEY, WOULD COST LESS THAN USAF PROCUREMENT OF TWO AND WOULD RESULT IN YEAR EARLIER DELIVERY. EMBASSY RECOMMENDS DEPARTMENT SUPPORT THIS PROPOSAL. END SUMMARY.

1. PAF C-130 PROPOSAL: PORTUGUESE AIR FORCE (PAF) HAS PROPOSED TO MAAG THAT IT BE PERMITTED TO PROCURE DIRECTLY FROM LOCKHEED THE C-30 AIRCRAFT PROGRAMMED IN THE UNCLASSIFIED

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FY 78 AND FY 79 MILITARY ASSISTANCE PROGRAMS. THIS WOULD BE IN LIEU OF PROCUREMENT THROUGH USAF (REF A).

2. COMPARISION BETWEEN USAF AND PAF PROCUREMENT: CURRENT CONCEPT IS FOR U.S. TO PROVIDE ONE C-130 FROM FY 77 FUNDS AND ONE FROM FY 78. COST OF TWO AIRCRAFT, IF PROCURED THROUGH USAF, WOULD BE 30 MILLION PLUS.

DELIVERY WOULD BE CY 79. HOWEVER, IF AIRCRAFT WERE PURCHASED DIRECTLY FROM LOCKHEED BY PAF, TOTAL COST FOR THREE REPEAT THREE AIRCRAFT WOULD BE SLIGHTLY OVER 24 MILLION. DELIVERY WOULD BE THIRD QUARTER CY 78.

3. QUESTION OF SUPPORT: WE RECOGNIZE THAT LOCKHEED OFFER WOULD NOT INCLUDE THE COMPLETE SPARES AND EQUIPMENT PROVIDED FOR IN USAF PROPOSAL. PAF HAS ASSURED US THAT THEY ARE PREPARED TO FUND THESE ITEMS THEMSELVES -- AS THEY ARE DOING IN CASE OF TWO C-130H'S THEY BOUTH WITH THEIR OWN MONEY FOR SEPT 1977 DELIVERY. PAF IS FULLY AWARE OF NEED FOR SUPPORT EQUIPMENT AND SPARES. IT HAS BOUGHT A COMPUTERIZED LOGISTICS PROGRAM FROM LOCKHEED TO SUPPORTS ITS TWO C-130'S. UNDER PORTUGUESE BUDGET PROCEDURES IT IS RELATIVELY EASY TO FUND SUPPORT EQUIPMENT AND SPARES, WHEREAS IT IS NOT POSSIBLE TO BUY NEW AIRCRAFT.

4. PAF EXPERIENCE IN MAINTAINING 707'S: WE WOULD BE MORE SKEPTICAL OF PAF CAPABILITY TO SUPPORT C-130 AIRCRAFT IF PAF HAD NOT SHOWN ITS ABILITIES IN THIS REGARD WHEN IN 1971 IT BOUGHT TWO BOEING 707-320'S. THESE AIRCRAFT WERE RECENTLY TURNED OVER TO THE NATIONAL AIRLINE. THEY HAD BEEN MAINTAINED BY PAF USING A BOEING-DESIGNED COMPUTERIZED LOGISTICS SYSTEM. LOCAL BOEING TECH REP SAYS 707'S WERE IN TOP CONDITION WHEN TURNED OVER.

5. NO LIABILITY ON PART OF USG AND PAF: LOCKHEED IS WILLING TO GUARANTEE PRICE AND DELIVERY DATE FOR THREE UNCLASSIFIED

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AIRCRAFT. THE CONTRACT WILL BE WRITTEN CONTINGENT ON PORTUGAL RECEIVING FY 78 MILITARY AID. IF FY 78 PROGRAM IS NOT APPROVED, NEITHER PAF NOR USG WOULD BE LIABLE FOR PAYMENT, AND PAF WOULD STILL RECEIVE ONE C130 UNDER FY 77 PROGRAM.

6. ADVANTAGES: IN SUM, WE SEE FOLLOWING ADVANTAGES TO THIS PROPOSAL:

- PAF ETS THREE INSTEAD OF TWO C-130'S.
- DELIVERY WILL BE AT LEAST A YEAR SOONER.
- COST TO USG IS LESS, MAKING MORE MONEY AVAILABLE FOR BRIGADE.
- PAF WILL ASSUME RESPONSIBILITY FOR C-130 SUPPORT AND SPARES.
- BURDEN ON MAAG WOULD BE DIMINISHED.
- PAF WOULD GET COMMERCIAL WARRANTIES ON AIRCRAFT AND EQUIPMENT, SOMETHING IT WOULD NOT GET UNDER USAF PROCUREMENT.
- U.S.-FINANCED AIRCRAFT WOULD BE FULLY COMPATIBLE

WITH PARTS NOMENCLATURE USED FOR TWO C-130'S BOUGHT
BY PORTUGAL.

7. ACTION REQUESTED: EMBASSY STRONGLY SUPPORTS
PROPOSAL AND REQUESTS DEPARTMENT BACK CINCEUR
REQUEST TO DSAA (REF B).
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MILITARY AIRCRAFT, MILITARY SALES
Control Number: n/a
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Decaption Note:
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Disposition Approved on Date:
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Disposition Comment:
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Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
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From: LISBON
Handling Restrictions: n/a
Image Path:
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Legacy Key: link1977/newtext/t19770540/aaaabidp.tel
Line Count: 123
Litigation Code IDs:
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Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: bc395e90-c288-dd11-92da-001cc4696bcc
Office: ACTION PM
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 25-Jan-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2456320
Secure: OPEN
Status: NATIVE
Subject: C-130'S FOR PORTUGAL
TAGS: MASS, MILI, PO, LOCKHEED
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/bc395e90-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009